

**TIMES**

Menu

OPINION

Beijing wins in RCEP, but despite itself

Under Joe Biden, the US has an opportunity to turn the corner, while China continues to rely on economic coercion

By KYLE FERRIER

NOVEMBER 24, 2020



11/24/2020



Representatives from the 11-nation Comprehensive and Progressive Agreement for Trans-Pacific Partnership meet in Santiago on March 8, 2018. China, the biggest member of RCEP, has also expressed interest in joining the CPTPP. Photo: AFP / Claudio Reyes

While it makes for good headlines, framing the signing of the Regional Comprehensive Economic Partnership (RCEP) as a coup for China is misleading. This implies the deal was orchestrated by Beijing and represents a major leadership win vis-à-vis Washington in the Indo-Pacific region. Both points are simply not true, even as China is walking away in a better position, both economically and strategically.

China may be the largest member, but the Association of Southeast Asian Nations has been in the driver's seat of RCEP. ASEAN's middle-power diplomacy was **crucial** to overcoming the initial deadlock to realizing a regional free-trade agreement stemming from political rivalries in 2011 and has been key to sustaining momentum, however slowly, since.

The ASEAN principle of non-interference is also embedded in the arrangement's low ambition, represented by the core focus on lowering tariffs as opposed to the more onerous, yet economically more fruitful task of

11/24/2020

tackling non-tariff barriers – the chief difference from the oft-compared Comprehensive and Progressive Trans-Pacific Partnership (CPTPP).

Of course, China was not voiceless in the talks, **pushing back** against an effort led by Japan and Australia to bring over “high-quality” rules from the original TPP in the aftermath of the US withdrawal in 2017 in addition to advocating its own interests. Indeed, as the largest economy in RCEP, Beijing has much to gain from greater regional trade integration and pushed to successfully reach a deal.

This distinction between RCEP as China-led or ASEAN-led may seem irrelevant now that the negotiations have ended, but it is significant in the broader context of the US-China competition and China’s role in shaping the regional architecture. Other major developments in the recent past also cannot be overlooked when considering the implications of RCEP.

Despite the heated rhetoric, Beijing and Washington have been their own worst enemies in the Indo-Pacific region over the past four years. Yes, President Donald Trump withdrew the US from the TPP, went after allies by **renegotiating trade deals** and **imposing new tariffs**, pressured countries to choose between Beijing and Washington, and otherwise had partners on edge that they could arbitrarily be in his crosshairs at any time. But Chinese President Xi Jinping has had just as glaring own-goals.

The Chinese government continues to demonstrate willingness to leverage economic ties for political pressure. When Beijing was upset with the

deployment of the Terminal High Altitude Area Defense (THAAD) missile defense battery to South Korea under the direction of the alliance with the US in 2016, the Chinese government targeted South Korean imports and limited outgoing tourism.

Some estimates put the cost to the South Korean economy as high as US\$24 billion. Now, as ties between Canberra and Beijing are increasingly strained, China looks to be applying **similar tactics** to Australian imports. The **problems** borrowing countries are facing with Belt and Road Initiative projects similarly draw into question China's leadership propensity in the region.

So while China has gained an edge against the US through RCEP, it is still far from supplanting the free and open values inherent to the existing regional order and the role the US played in upholding this order. This is all the more clear considering that when faced with the possibility of the erosion of this system under the Trump administration, a plurality of countries in the region chose to forge ahead with the CPTPP without the US or China.

Major regional powers – including Japan, Australia, New Zealand, Singapore and Vietnam – want stronger agreements on issues such as intellectual property, the environment, digital trade, and labor than what was in RCEP and will look to further these issues more broadly.

This week, for the first time, Beijing has publicly expressed **interest in joining the CPTPP**, signaling that it is considering at least playing a

supporting role on these issues. But even if China were to accede to the agreement, this would in many respects accord with the values of the existing order – making the divide with the US less of an issue.

However, there are reasons to be cautious about Beijing's newfound interest in the agreement, particularly as it may be an avenue to try to push back against the efforts of the US and some of its allies to decouple supply chains in certain high-tech industries over security concerns.

Still, the contest for writing the rules in the Indo-Pacific region must be won at home before it can be won abroad, and it is in this sense that there is hope yet for the United States. President-elect Joe Biden and his [promises to rebuild American leadership](#) present an opportunity for the US to turn the corner, while Xi's continued reliance on economic coercion does not portend a fundamental shift in China's approach to the region despite his openness to joining the CPTPP.

As long as Beijing continues with self-defeating endeavors, the bar will be low for Biden, but the stakes are ever higher.

[Asia Times Financial](#) is now live. Linking accurate news, insightful analysis and local knowledge with the ATF China Bond 50 Index, the world's first benchmark cross sector Chinese Bond Indices. [Read ATF](#) now.

May interest you

Recommended by



[Gallery] Vintage Photos Of Young Trump Prove He's Not The Same

Sponsored | Herald Weekly

Search Psoriatic Arthritis Pain Treatments. Manage Symptoms

Sponsored | Yahoo Search

[Read more](#)

KYLE FERRIER

Kyle Ferrier is a fellow and director of academic affairs at the Korea Economic Institute of America. The views expressed on Asia Times are the author's alone. **More by Kyle Ferrier**

© 2020 ASIA TIMES.

PROUDLY POWERED BY NEWSPACK BY AUTOMATTIC

PRIVACY POLICY